Medicare and Prepayment Plans

- Health Maintenance Organizations
- Competitive Medical Plans

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Today, more than ever, Medicare beneficiaries have an increasing variety of quality health care sources to choose from. Among them are the growing number of prepayment plans, including Health Maintenance Organizations (HMOs) and Competitive Medical Plans (CMPs), that have contracts with the Federal government to provide services to Medicare beneficiaries. The following should answer most of your questions regarding the advantages and limitations of receiving your care through HMOs and CMPs.

Prepayment plans might be thought of as a combination insurance company and doctor/hospital. Like an insurance company, they cover health care costs in return for a monthly premium, but like a doctor or hospital, they furnish actual health care. Since they provide health care for a fixed prepaid amount,they have an incentive to keep costs as low as possible. This pamphlet describes prepayment plans that have contracts with Medicare.

WHAT SERVICES DO PREPAYMENT PLANS OFFER?

Prepayment plans with Medicare contracts must offer at least all the services covered by Medicare that are generally available in their area. (For a list of covered Medicare services, see *Your Medicare Handbook*.) Under a Medicare contract with a prepayment plan, Medicare pays the plan a monthly amount for the cost of covered Medicare services *less* deductibles and coinsurance. Therefore, you may be required to pay the plan a monthly premium that covers the cost of deductibles and coinsurance.

Also, prepayment plans may offer services above and beyond those covered by Medicare. Some of these services may be offered free of additional charge (over and above the premium which covers normal Medicare deductible and coinsurance amounts). Some services may be offered for an additional charge. When you enroll, the plan must tell you what part of its charges covers the Medicare deductible and coinsurance and what part, if any, is for services not paid for by Medicare.

There are two basic types of prepayment plans:

- Those operating at one or more centralized locations
- Those operating through individual doctors' offices

If you live in an area that is served by more than one prepayment plan, you should compare benefits and costs to determine which plan best suits your needs.

MUST I CONTINUE TO PAY THE MEDICARE PART B MEDICAL INSURANCE PREMIUM?

Yes, you're required to have and pay for Part B of Medicare to be a Medicare member of a prepayment plan.* This premium, which you pay to the Government, establishes your entitlement to Part B services whether or not you join a prepayment plan.

*If you are between ages 65 through 69 and you are a member of an HMO or CMP *through your employer*, you are *not* required to keep and pay for Part B of Medicare. Check with your personnel office or the Social Security office for more details.

For most people, this premium will continue to be deducted from their monthly Social Security checks. The premium you pay the prepayment plan is for deductibles and coinsurance, and for benefits in addition to those covered by Medicare. It is *not* the premium for Medicare Part B Medical insurance.

ARE THERE OTHER REQUIREMENTS TO JOIN A PREPAYMENT PLAN?

Yes. For example, you must:

- Live in the area served by the plan under its Medicare contract
- Have Medicare Part B (medical insurance)
- Agree to follow the prepayment plan's rules and
- Not be entitled to Medicare coverage because of kidney failure requiring dialysis or a kidney transplant

WILL I ALWAYS HAVE THE SAME DOCTOR?

When you enroll, most prepayment plans allow you to select a doctor from those who are part of the plan. When you make an appointment, you usually will see the doctor you've selected. However, if you need

to see a doctor quickly, and your selected doctor is busy, you may see another plan doctor. Also, you may change doctors within the plan, if you desire.

WHAT ABOUT SPECIALISTS AND HOSPITAL CARE?

Many plans will employ a full assortment of medical specialists. However, if you need a specialist that is not available at the plan for a covered Medicare service, the plan will arrange for the appointment and pay the specialist. Similarly, if you need hospitalization and the plan does not have its own hospital, it will make all arrangements for your care. Since the plan arranges for all your health care, it has your complete medical records which it will make available to the doctor treating you.

WHAT IF I GET SICK AWAY FROM HOME?

When you're temporarily outside the plan's service area, the HMO/CMP pays for any emergency or urgently needed medical care.

WHY JOIN A PREPAYMENT PLAN?

People join prepayment plans for a variety of reasons. Some of the most frequently mentioned are:

- Various kinds of care needed are available in one place (for example, doctors' services, hospital care, laboratory tests, X-rays, etc.)
- A fixed monthly payment makes budgeting of total health care expenses easier
- There's no need to pay each time you need a service (this is true for most plans, although some may charge a nominal fee for individual services)
- Benefits beyond those covered by Medicare are available for no additional charge at some plans
- Emergency care is available 24 hours a day, seven days a week
- There's no paper work or claim forms to fill out

Prepayment plans try to save you money by treating illness early and helping you stay healthy, thus reducing the potential for expensive and inconvenient hospital stays.

ARE THERE ANY OTHER FACTORS TO CONSIDER IN DECIDING WHETHER TO ENROLL IN A PREPAYMENT PLAN?

Consider whether the plan is in a location convenient to you and whether adequate transportation is available to get you to the plan. Consider, too, that if you receive services outside the plan system, you may pay additional fees.

Medicare pays some plans for *all* your covered health care costs. Services received outside these plans, other than emergency or urgently needed services, are not paid for separately by Medicare.

If you have a longstanding and satisfactory relationship with your present doctor, you may not wish to change to a prepayment plan doctor and a new way of obtaining health care which uses auxiliary personnel and a staff larger than the traditional, more intimate private practice. Consider all these factors in deciding whether a prepayment plan will be of benefit to you.

WHAT IF THE PREPAYMENT PLAN WON'T PAY FOR NECESSARY CARE?

If the plan issues a final denial for payment of any service, and you strongly believe it should pay, you have the same appeal rights as under the regular Medicare program. These rights are explained in *Your Medicare Handbook*.

If you ever decide for any reason that you no longer want to be a member of the plan, you are free to disenroll.

HOW CAN I FIND OUT MORE?

For more information about Health Maintenance Organizations or Competitive Medical Plans, contact your local Social Security office. Its staff can tell you about any prepayment plans with Medicare contracts in your area and how to get more specific information about them.

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